

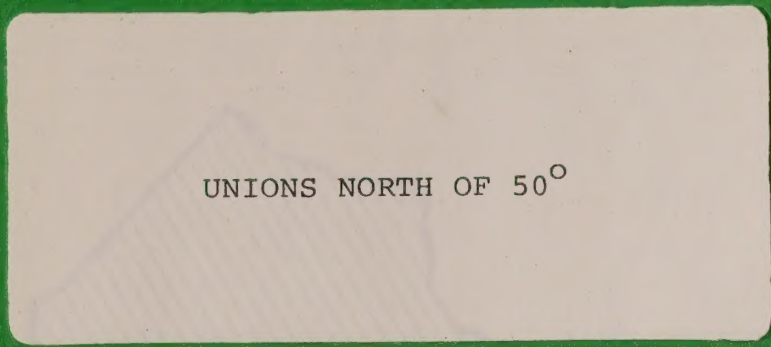
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UNIONS NORTH OF 50°

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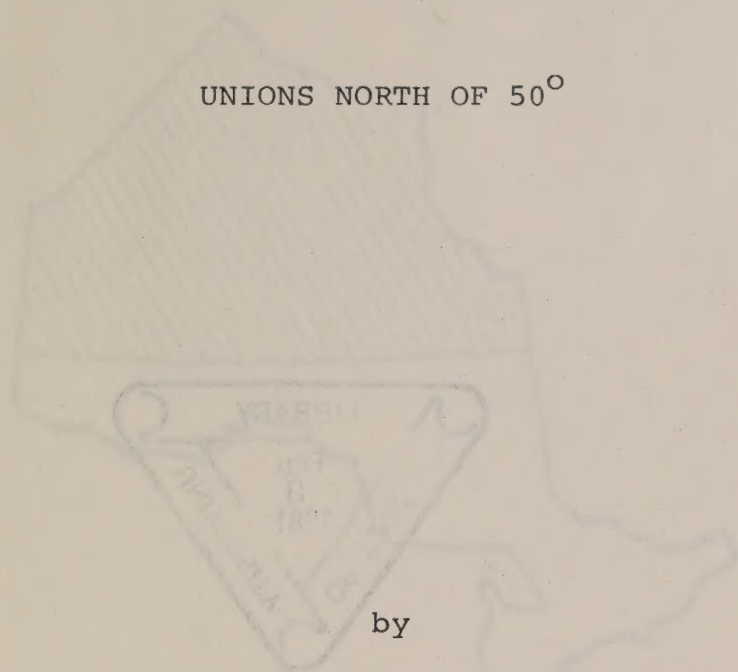


ROYAL COMMISSION ON THE NORTHERN ENVIRONMENT

J.E.J. FAHLGREN, COMMISSIONER

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UNIONS NORTH OF 50°



by

Thunder Bay and District
Labour Council

April 1979

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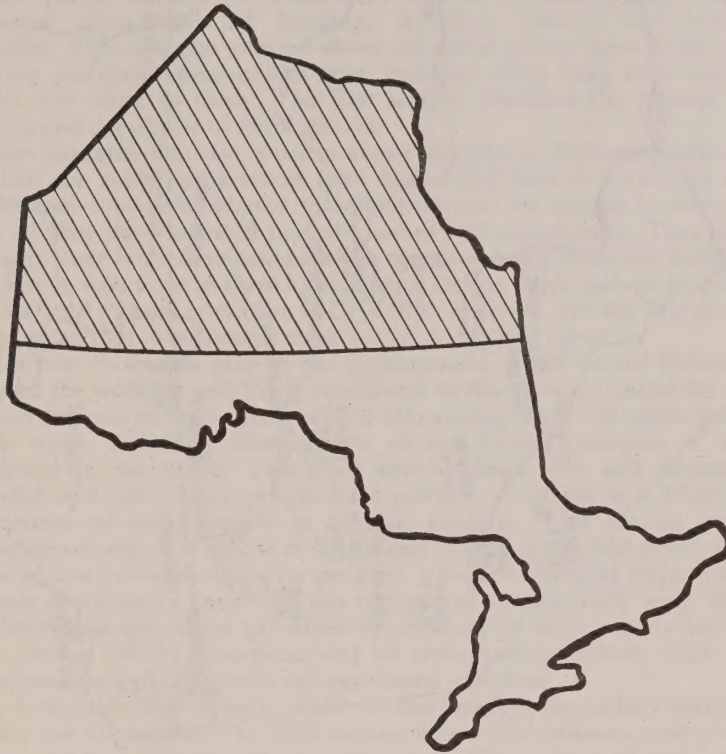
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UNIONS NORTH OF 50°

PREPARED FOR
THUNDER BAY AND DISTRICT LABOUR COUNCIL
BY

RON DAVIS and GRAHAM SAUNDERS



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INTRODUCTION

This booklet has been written for the members of unions affiliated with the Thunder Bay and District Labour Council in order to raise some of the issues involved in development north of 50° in Ontario. The population of the regions is about 30,000 in an area the size of Manitoba. Two thirds of these people are Indians of which 11,000 live on reserves. The native population is increasing rapidly in this area with a growth rate of 2.8% per year. This is double the growth rate for the province of Ontario.

Several major developments are proposed for the area which will seriously affect both native and white people's way of life:

- The Reed Paper Ltd. proposal to cut 19,000 square miles of timber
- The Polar Gas pipeline from the high Arctic will pass from Sachigo Lake near Manitoba to the Longlac area
- Ontario Hydro's possible diversion of the rivers flowing into James Bay
- The Onakawana lignite strip mine near Moosonee on James Bay.

Native people are worried about the effects of large development on their traditional occupations of hunting, trapping, fishing and wild rice harvesting. They are also worried about the social effects these developments will have on their communities and question what long term economic benefits will come to them. The first section describes the present native economy and the effects of development.

White residents too have worries about the effects of development. They have had too many experiences with boom and bust one industry towns. They've seen towns abandoned by industries and the people in these towns losing all they have invested in their homes and community. They want to know why these large developments don't seem to bring economic stability for those people who work in them. The second section deals with these questions and uses Reed Paper's operation in Dryden to illustrate how the multinational choices mean that townspeople must worry about their future.

What role do unions play in the development of the north? Unions have improved the working and living conditions in the resource industries after a long and difficult struggle. Unions have also attempted to aid native people in various ways, including investigation of the labour practices of various contractors in the north. The third section deals with why unions were organized and how. Some people have pointed to unions as a block to the employment of local people in various projects. This section will also investigate whether it is unions or the refusal of companies and government to involve unions in the planning for projects, which blocks local employment.

People also want to know why this region is so economically weak when we have enormous quantities of valuable resources extracted every year. The fourth section will try to explain why we remain economically weak. There are choices made which ensure our continued weakness.

Are there other directions in which we can develop? Secondary industry is a necessity for the region. The fifth section lists actual projects, and potential projects which could succeed, as well as some illustrations of potential that was ignored.

So what does it all mean? In the short term, unions and native people can negotiate to try and alleviate some of the disruptions of large developments and ensure that native people have a chance for jobs. In the longer term, both natives and union members will have to insist that future development benefits local people and the region first. The last section will discuss why this is necessary and on what basis an alliance might be possible.

"White people were given a certain lifestyle, the one that is based on industry, farming and working regular hours, and they were meant by the Great Spirit to live this way. Indian people were also given a way of life, that of hunting, fishing, trapping and living off the land. One way of life should not destroy the other . . ."

(Chief Keesicaueyash, Osnaburgh

NATIVE PEOPLE AND THEIR HOMELAND

Indians and whites relate to land ownership in different ways. The native people north of latitude 50° consider themselves the "custodians" of the land, not the owners. Whites would laugh at someone who claimed to own the air we breathe and to Indian people the concept of owning land is as strange. They think of land as something they use to provide a living. To southerners the north is a frontier, but the people living there consider it a homeland.

The treaties which deal with the land north of 50° in Ontario are Treaties No. 3, 5 and 9. Treaty Three was signed in 1873 and part of Treaty Nine was signed as late as 1929. The intention of the government when the treaties were being signed was to cancel the Indian's aboriginal rights of ownership and gain title for the Crown. People signing the treaties were told that the Queen wanted them to be her children and they could still use the land.

"Missabay, the recognized Chief of the Band, then spoke, expressing the fears of the Indians, that if they signed the Treaty, they would be compelled to reside upon the reserve to be set apart for them, and would be deprived of the fishing and hunting privileges which they now enjoy. On being informed that their fears in regard to both of these matters were groundless, as their present manner of making their livelihood would in no way be interfered with, the Indians talked the matter over among themselves."

(Treaty No. 9 signing at Osnaburgh, 1905)

Sharing the land made sense to the original Indian signers and being assured that their livelihood was not threatened, they signed over more than they could have realized. A good case could be made that these treaties are invalid because of language difficulties and a different concept of ownership/use of land.

For thousands of years before the Europeans arrived, Ojibway, Cree, and Inuit people had survived in the north. Hunting, fishing and gathering of plants for food and medicine formed a basis for both their survival and religion. An incredible store of knowledge was passed on through oral tradition and religious practices. This homeland supported native people the year round. When the whites with their "superior" technology first arrived, they were almost totally dependent on the natives and their "primitive" way of life for survival.

Native people became dependent on European tools (guns, steel traps, etc.) because they needed them to trap enough furs for trade. The Hudson's Bay Company was able, because of its monopoly, to set the prices of its goods and tools high enough and the prices of furs low enough so that Hudson's Bay got

the benefits of the increased fur production. The natives got just enough to live until the next trapping season. They did not basically change their way of life. They continued to hunt, fish and trap in order to live off the land. Since the signing of the treaties, the interference with their lives gradually increased, with more and more incidents of flooded reserves and Indians being shoved out of the way by development. For the majority though, it did not seriously interfere with their lives until after World War II.

THE MISSION TO CIVILIZE

The bottom dropped out of the fur market after the war and native people began to experience difficulty in getting enough cash to support their life in the bush. At the same time the government enacted a whole series of social welfare legislation which included Indian people, such as baby bonus and pensions. After the war the government and corporations began to look to the north as the last frontier — a vast storehouse of resources just waiting to be opened up and developed. They believed that this “undeveloped” region was inhabited by a native population which was suffering from poverty because of their lack of education and economic opportunity. Without industrial development the native would be “condemned” to eke out an existence in their barren, inhospitable land.

This view of native life, while it reflects abysmal ignorance of conditions in the north, had some basis in fact because of the temporarily poor fur market. In fact their “poverty” was more a result of practices of the fur companies than any lack of education and economic opportunity. The poor fur market may partially explain why native people were willing to move into permanent settlements. One of the conditions of receiving government assistance and housing was that they live in these settlements.

The next attack on the native way of life was the wholesale kidnapping of their children to the residential schools in the south. The children were taken away from their parents way of life, forbidden to use their language and customs, told that their parents were ignorant savages and educated in the belief that the only worthwhile way to make a living was wage employment.

When the children returned to the reserves they found little or no wage employment. They could not speak to their parents except in a foreign language and were ignorant of the knowledge and experience necessary to make a decent living from the land.

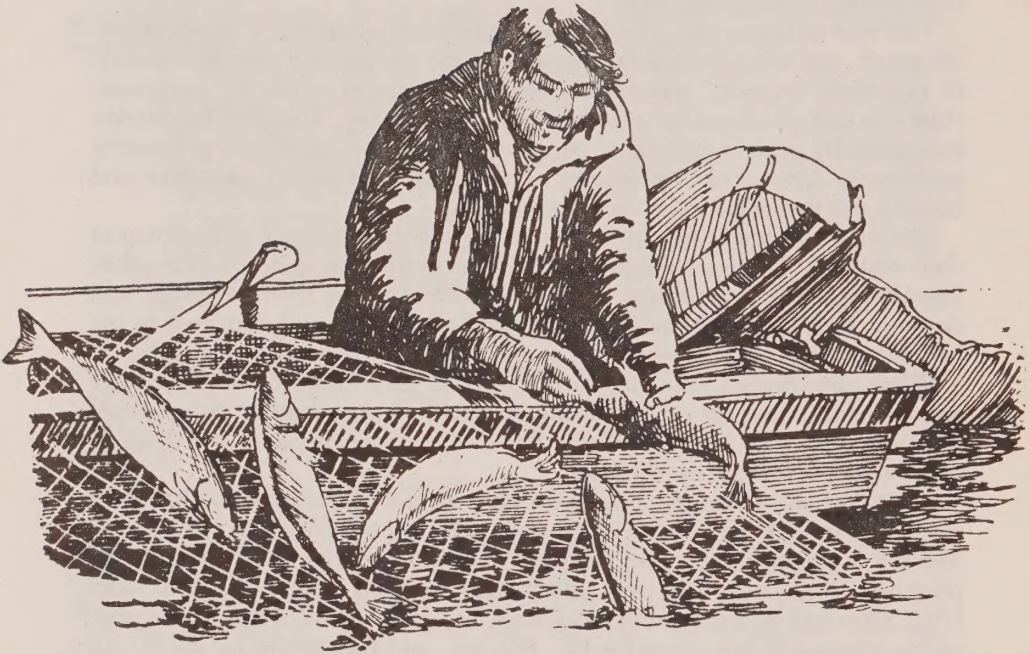
Some learned what they could from older people. Others left to get jobs in the city or become part of the urban poor. The rest stayed on the reserves and became a cheap labour pool for part time fire fighting, guiding and tree planting. When these jobs were unavailable they had to exist on welfare and UIC. They had no extra money available for economic development because of low wages and low prices for fur, fish, etc. and high prices for goods and services (like transportation).

Prices like \$2.30 for a can of orange juice and \$2.50 for a gallon of gas in the north, make southern inflation easier to take.

Alcohol is a bargain by comparison because of standard prices throughout the province.

THE PRESENT ECONOMY

For centuries there has been a native economy. By southern standards, 30,000 people in such a vast area means that it is almost deserted. The land supports people in hunting, fishing and trapping; all of which require a great area to provide a living. For example, a trap line can be as large as several hundred square miles in the far north of the province. A good case can be made that the land is used intensively and is necessary for this admittedly small population. Many Southerners view (from a distance) the north as inhospitable, but to native people it offers a living.



Fishing, hunting and trapping have provided a livelihood for centuries. Future development must not destroy this part of the native economy.

Modern equipment, like snowmobiles, improves trapping and other land based activities. In 1976/77, fur worth 1.5 million dollars was trapped in north of 50°. The replacement value of the meat eaten from these animals was estimated by the Ministry of Natural Resources at three hundred and fifty thousand dollars.

Hunting, fishing and trapping still contribute significantly to many communities although there has been a decline in some communities in recent years. In Pikangikum, from November to December 1977, the people trapped 1,032 beaver, 268 mink, 174 marten, 39 otter, 115 fisher, and 71 lynx. Over 40 families earned about \$70,000. In the summer of 1977, the people of Pikangikum and Poplar Hill caught 130,000 pounds of fish, worth almost \$100,000. In the fall, they collected about 2,000 pounds of wild rice worth about \$1,600 to them and \$10,000 to the trader. Of these families 80% trap and 50% fish. Only 36 people have full time jobs.

There are very few full time jobs in communities north of 50° and because of this many people are dependent on government support. Most of the full time work is in government and service positions. Many of these jobs are presently done by whites although native people are taking training to fill some of the positions.

Many reserves have co-op food stores which are native owned and compete quite successfully with the Hudson Bay stores. Both the co-ops and the Hudson Bay provide some full time employment.

A few of the communities have made progress in developing an economic base. One of the assumptions is that available resources should be used as much as possible. At Summer Beaver (200 miles north of Lake Nipigon) most of the buildings have been constructed using logs. Long Dog Lake has a logging operation with a sawmill. Big Trout Lake has several planned construction projects including a causeway, a sewage system and general housing construction. There are people locally with carpentry skills. A shop to manufacture furniture for local use began operation recently.

Tourism cannot be considered as a solution to the unemployment problems of the north, but it has potential to supply work of a seasonal nature and in conjunction with trapping could provide a year-round income for some. Big Trout Lake has plans to build facilities for tourists and possibilities are being considered at many locations.

Grand Council Treaty No. 9 has been studying the economic problems of the huge region covered by the treaties north of 50°. There is employment potential with the large projects which have been proposed for the north. These include the Polar Gas pipeline, Onakawana lignite deposit near James Bay, timber cutting, mining, and hydro development of some northern rivers.

These projects could have a profound and disastrous effect on the lives of people north of 50°. Negotiations to attempt to reduce these effects and about hiring procedures to be followed should be completed before any development begins.

Treaty No. 9 has said publicly that they are not opposed to development, but the people of the area must be included in the planning process from the beginning.

EFFECTS OF DEVELOPMENT ON NATIVE PEOPLE

There is a commonly held myth that large scale resource development benefits everyone who comes in contact with it. When one looks over the history of past developments, the record is not good. "Fish for Fun" signs posted on the English River system are a cruel reminder of the effects of development — mercury poisoning from Reed Paper in Dryden. The Indians affected by mercury were not fishing for "fun". Fish made up a large and vital part of their diet. It should not be surprising that the native people of the north are uneasy about these projects.

Hydro electric development also has a bad reputation because the construction of dams result in flooding and destruction of land used by native people for hunting, fishing, trapping and wild rice harvesting. This is bad enough, but more important is the flooding of homes and grave sites which comes with the rising waters. Often the communities affected did not even get electricity from the development.

The words "development" and "progress" take on new meanings when the destruction of the past is reviewed.

As a rule, large scale development of resources near native communities does not benefit these people either through employment or increased economic opportunities. In fact, it is usually a disruptive force which tears the community apart both socially and economically.

Initially the economic base of the community comes under attack. Speaking about the effects of tree cutting on his trapline, Chief Jim Diamond of the Abitibi Band said,

"I used to leave my cabin open . . . But now with the roads and hunters, my cabin is vandalized and my things are stolen. People have stolen my traps, they even took my stove . . . The forest companies don't act properly either. They knocked trees into the Lowbush River. This was my transportation route to James Bay. This was our highway. Now I can't canoe anymore because of the deadfalls, and the companies have never offered or tried to clean up the river."

Employment in these developments has always been dangled in front of native people as the solution to their economic problems. It has not worked.

Most of the older generation of Indians were brought up as trappers, hunters and fishermen. To them it is more than a way to make a living, it is the only way to live. Their sense of worth, their religion, their language and their health are all bound up with the use of the land and its animals. It is difficult to imagine what going into a mine or mill is like for them.

The younger natives, who have been taken away to school and taught to reject their parents' language and way of life have returned to the reserves neither Indian or white. Kathleen Jolly, a Cree from James Bay, said:

"At one point you are not quite sure if you want to go home or not, especially when the time comes and you don't have any experience to work in the city. I mean your Indian culture has been taken away from you, but you're not white, you're sort of in between, and you don't know which way to go."

After being away at school for many years, the choices at home are difficult. "I want to go (home)" said Kathleen, "but I'm a little afraid . . . I would have to learn everything from the beginning, all the work the women do, the trapping, skinning, things like that. I wouldn't be any good at it."

One might think that the arrival of a large resource industry would be a boon to these younger people. For the great majority it doesn't work out that way. When they returned to the reserve and found no wage work available except the lowest paid seasonal kind. Some must have realized the bad deal they had — losing a culture where they could be independent and proud providers in return for a bare existence on the margins of the white world of wage employment. When the seasonal work was over, they had nothing to turn to in the village since they couldn't fix traps, mend nets, make canoes or other equipment. Alcohol became the way they deal with their boredom and bitterness.

In more remote communities where the Indian way of life is still working, they could try to learn from the older people and regain their heritage. However, in the communities on the frontier of development, the old way of life has been cut back or eliminated. The community is disrupted by white men from the project sites using liquor and money to obtain sex from young natives. The government bureaucracy continues its pressure on the people to become wage earners. Despite the presence of development it seems that the only jobs for Indians are low paid menial and/or part time jobs which have no opportunity for pride or advancement.

What about the government training for natives, you ask? In a study of these programs in northern Manitoba, it was found that: "almost one-third lead to occupations that will earn their incumbents less than a poverty line income and two-thirds will earn less than the average national income; 60% of the occupations have unemployment rates higher than the national unemployment rate."

The social effects of development are pointed out in statistics from the Sioux Lookout Hospital that compare native communities on the frontier of development with more isolated communities. Between 1971-77 the rate of violent (accidental) deaths in Osnaburgh was 5.8 per thousand and in Lac Seul was 9.8 per thousand. In contrast, the rate was 1.4 per thousand in 23 isolated Indian communities. Dr. Goldthorpe, the Zone Director for Sioux Lookout Hospital, has said that ". . . most of these deaths were alcohol-related."

These statistics are not an exception. In northern Saskatchewan, natives on the frontier of development compared with natives in more isolated communities had up to 38 times more alcohol-related arrests. The same kind of results were observed in the Alaska oil pipeline development.

With all of this, the natives would have a good case for wanting to stop all development near their settlements. But again and again they have said that they are not against development itself. What they are against is development that makes them poor by destroying the land and animals they depend on for a living, along with destroying the social fabric of their communities.

Perhaps a quote from Andrew Rickard, former Chief of Grand Council Treaty No. 9, will sum up their ideas on development.

"Our way, which we believe is a large part of the answer to the future of mankind in North America, does not reject as such, a technological or economic development. It simply asserts that our wisdom is the most valid in **planning, regulating, and implementing** any form of land development. Twentieth century technology used within the confines of our value system which honours **human life**, the balance of nature, guards the land and treasures its roots, will guarantee our survival and yours. As custodians of this land, we, the Nishnawbe-Aski insist that we play a major role in all the decision-making processes regarding our life, the land."



ONE INDUSTRY TOWNS

Northern Ontario has always been seen as a raw material exporter rather than a place where these materials are processed.

This has led to an economy overwhelmingly dominated by large multinational companies. The fortunes of residents of one-industry towns rise and fall with those of the company. Decisions which determine these fortunes are made in remote boardrooms in Toronto, New York and London.

This domination has meant that the choices available to residents of the area are sharply restricted. Where you work, where you live, what kind of work you do, and the effects on the kind of environment you live in are determined by corporate policy rather than individual choice. Without the presence of secondary industry, residents are forced to choose between supporting company policy or going without work.

Supporting the policies of the resource extraction industry has usually meant giving in to the attitudes of these corporations. The swift, efficient (profitable) extraction of the resources comes first, and preservation or enhancement of the environment, economic viability of the area, social or cultural life in the town, and commitment to the area as a permanent place to live and work come a distant second. People are disturbed by this use of the land, but the threat to their jobs has made many reluctant to challenge this activity of the company.

The recent events in Dryden have served to point out the power of corporations to frighten people into accepting pollution as an alternative to unemployment. Reed Paper claims to have suffered losses which make it impossible to invest in pollution control in the time demanded by the Ontario government.

The extraordinary losses which turned a setback for Reed into a disaster, were not mainly from its Dryden operation. The predicament the people of Dryden find themselves in is a result of an economic experiment carried out far from Dryden. Reed International, the British-based parent company, gave Robert Billingsley, the former president of Reed Paper, free rein to invest where he would. It seems he invested everywhere but the Dryden mill.

When Reed took over the Dryden mill in 1961, it was already 46 years old. Yet Reed has waited until now before discovering that the mill needed major modernization; without which it cannot continue to operate.

Ignoring the age of the mill, Billingsley embarked on a program of takeovers and joint ventures across Canada that saw capital expenditures go from 3.12 million dollars in 1972, to 43.8 million dollars in 1976. Reed was involved in companies from mining to draperies, and built a new linerboard mill in Mississauga. The end result of the diversification experiment soon became obvious.

Although sales were up 16% in 1976 to 429 million dollars, net income was down 96% to 442 thousand dollars. The next year Reed Paper had a total loss of a staggering 66 million dollars. Most of the loss, 46.2 million dollars, came from losses taken when Reed sold off four non-forest divisions and three joint ventures with Canadian Forest Products Ltd.

Though Billingsley left in 1977, the legacy of Reed International's experiment still haunts the Dryden operation. In 1978, Reed made a profit of 4.5 million dollars, but this was reduced to 2.9 million dollars by more losses from the sale of joint ventures and subsidiaries.



Everyone will agree that the Dryden mill, now over 65 years old, needs extensive modernization. Reed Paper refused to invest major money in the mill while making increased profits (up to 36.7 million dollars in 1974). If the Ontario government decides to give Reed enough money to meet the 1982 pollution control order, they should at least get some guarantees of continued employment from Reed. The money would probably be better spent if the government bought shares of Reed in order to oversee the management of our money.

People of Northern Ontario are used to this kind of boom and bust economy. In the past, the closing of lumber mills and mines in towns like Blind River and Geraldton happened with an ugly regularity. In the sixties, Blind River had the largest white pine lumber mill east of the Rockies. In 1969 the mill closed. At the present time, the mines of Atikokan are being shut down. Elliot Lake has gone from boom . . . to bust . . . to boom . . . to ? The end result of this kind of economy with its cycles of employment and unemployment is a long-term stagnation which is clearly reflected in the kind of jobs in the area and the population growth.

Between 1951 and 1971 Northwestern Ontario's population increased by only 3.6% while Ontario's increased by 23.5%. A study by Canada Manpower predicts that in the next decade growth of the labour force will cease. Then the labour force will actually decline until well into the next century.

In the mining industry, for example, the number of jobs is expected to fall from 4,061 in 1977 to 3,517 in 1981 — a net loss of 544 jobs.

From these kind of figures we have to conclude that the future, especially for young people, is not promising. It seems that if we go along with company policies for the region, we cannot have a healthy economy. The people of one industry towns have a right to be bitter about the "minimum investment and maximum profits" policy which most large companies religiously follow, especially when it leaves them sitting in a town where their house is worthless and there is no work.

UNIONS IN THE NORTH

Unions had a difficult time organizing in the north, especially in the two large resource industries — lumbering and mining. Since these industries employed mostly unskilled and semi-skilled labour, the employer was not dependent on the skills of any particular group to get the work done. He only needed enough bodies to produce and could easily bring in strikebreakers to do the work of the strikers. Add to this the fact that the production sites were scattered over vast areas and you can see that unions had many obstacles to overcome before they even got to the employer's opposition to their existence.

There is no doubt that unions were needed. Conditions in the camps and mining towns were brutal and the pay provided only a subsistence existence. The employers in the resource ran their operations like little kingdoms.

In mining towns, the workers stayed or left at the whim of the mine manager and officials. The towns were company property and the attitude

was that the miners were company property too. All access to the property was controlled by company roads with gates and guards. Usually miners had to buy from a company store and pay company prices. Health and safety were a joke, both on the job and in the bunkhouse.

Lumber camps had similar conditions. Bunkhouses were dirty, often with dirt flooring. The only place to dry clothes was over the bunkhouse stove, which filled the room with a choking stench.

Men's hair often froze to the walls when asleep at night.



They slept in double bunks, i.e. two or more men to a bed with spruce or straw mattresses. There were little or no washing facilities, often only one bucket of hot water for thirteen or more men. The company store meant that men often left after the season owing money to the company.

As individuals, the workers in these industries were helpless in the face of the arbitrary power of the owners to ruin their lives. Their only hope of better conditions was a union. Yet organizing a union was not easy. Anyone who was even suspected of pro-union sympathy, let alone of organizing, was run off the job and out of the camp or town.

After 41 years of struggle to organize bushworkers, the Lumber and Sawmill Workers Union got its first province-wide master agreement in 1946. They got single beds and other improved camp conditions, an eight hour day, vacations with pay, better board and a 20% increase in all rates of pay.

In the mining industry, which became important later than the timber trade, unions had a later start in organizing. They faced similar problems in getting to potential members and being able to stay in the area long enough

to sign them up. At the Anaconda Gold Mine near Nakina, United Steelworkers organizers had to fly into a nearby lake and walk 2 miles into the mine site through chest deep snow to avoid company guards on the road. The organizers managed to stay in the camp for about an hour before company guards forced them to leave. Eventually USW had to post a man in a tent at the entrance to the company road to sign up enough miners to get certification.

Whites were not the only people needing protection from employers. When the Department of Indian Affairs started to build schools at reserves north of 50° in the mid-1960's, the native labour on these projects was ruthlessly exploited by the contractors. The construction contracts were let to non-union companies from southern Manitoba (A. K. Penner, B. F. Klassen and T. Zelmer) in places like Pikangikum, Sachigo Lake, Big Trout Lake, and Fort Hope. Some natives from Big Trout Lake contacted the Carpenters representative, Bill Sherman in Kenora. He flew up and investigated the various sites.

He found that safety regulations were being violated. On some sites natives were hauling 600-700 pounds of gravel in small canoes up to 3 miles across a lake with no life preservers. They were not even being paid for the use of their canoes and motors. Native workers were doing carpentry, cement finishing, dozer operating, pipefitting and general labour, all for the bargain rate of \$1.50 an hour. Alongside them, workers from Manitoba were being paid almost twice as much for the same work. Deals were made with a local merchant in Big Trout Lake, A. E. Cone, who provided native labour to the project and was given the money to pay the natives. No time sheets were kept by the company and the natives had to rely on A. E. Cone for their pay. Apparently no vacation pay was paid to the natives by either Klassen or Cone. Indeed there is a question as to whether they were covered by compensation and unemployment insurance.

These matters were brought to the attention of various government agencies and some minor adjustments were made in overtime pay. The companies finished their jobs and one by one slipped back into Manitoba safe from nasty union organizers who might disturb their "personal" relationship with their employees.

Unions have improved the conditions in industries and communities by protecting their members from the arbitrary decisions of the owners and officials. They demanded and got better health and safety both on the job and in the communities.

Unfortunately unions still are unable to protect workers from the economic and social consequences of the single-industry economy in Northern Ontario. One thousand jobs are being lost to union members in Atikokan by the shutdown of the iron mines by Steep Rock and Caland. Despite the best efforts of the unions, it seems that most of their members will have to sell their houses for a song and uproot their family's lives in search of other work.

The media makes much of "big labour" in its reporting, but the ability of a small group of men (the board of directors) to kill or cripple a town with one decision shows where power really lies in this country.

LOCAL EMPLOYMENT

As much as possible, unions try to ensure local employment when a project is being done in a specific region. The barriers to local hiring in a place like Atikokan are not understood by many union members. When Hydro and the town announced the construction of Marmion Lake generating station, there was a lot of ballyhoo about jobs for laid-off miners. Hydro knew, and the town officials should have known, that construction of generating stations is covered by collective agreements with various building trades unions. All of these unions have a hiring hall provision which requires that all workers on the project be sent from the union hiring hall and also that they be union members before they are sent by the union.

As well, the skilled trades in the mines do not have the same type of certification of skill as in the building trades. Most of the skilled mineworkers are not certified for construction work, and therefore cannot be sent by the building trade unions to the job site.

The problem is further compounded because the unskilled and semi-skilled construction trades have high unemployment among their members. If jobs were plentiful there would not be a problem hiring laid-off miners for these construction jobs, but it would be asking too much of union locals to ignore their own dues-paying members. Even so, Local 607, Labourers, is voluntarily sending one new member from Atikokan, for each five members called for work on that project. (As this goes to print there is a possibility that this construction project will be postponed or reduced in size. This decision supposedly will be made in April 1979.)

Why were these problems not pointed out before the project was started? The town council of Atikokan, which supposedly was representing the miners as residents of Atikokan, really did not have a stake in keeping these miners employed. As long as someone was working on the project, they would spend money and keep the businesses in Atikokan alive. The same question about who benefits could be asked about the new subdivision which Hydro and the town council are proposing to build. The benefits will go to local building contractors, building suppliers and businesses where the construction workers will spend their money. Meanwhile the miners, who had hoped to sell their homes to Hydro at a fair price, will have the shirts ripped off their backs when they have to sell.

The situation in Atikokan has been aggravated by one industry closing down while another is being built, but the problem of local hiring is general in the region. Perhaps local residents will not be so fast to jump at a large scale project once the experience of Atikokan is well known. Local people might wish to talk with the construction unions involved about the opportunities for employment before committing themselves. The provincial government also bears some responsibility in this field. Before coming into a community and talking about what a wonderful thing this or that development will be for residents it should consider its responsibility for training and equipping local people to meet the needs of the project.

Since most projects spend a few years on the drawing board, there is ample time to train local people for jobs in construction and, more important, in the operation of the project after construction.

The companies know well in advance what the manpower requirements will be. There is time available to work out training plans with unions and various educational institutions. Native communities near development sites must be included in these plans. The opportunity to get full or part-time work must be available to native people wanting employment.

This sounds simple enough, but it doesn't seem to happen in practice. At the UMEK mine in Pickle Lake, which started production in 1976, there was no negotiation or pre-training for the people of the area affected. When the mine began operating, native people from the nearby Osnaburgh Reserve got some of the unskilled jobs. However, the company had difficulty keeping them for long periods of time. The Steelworkers suggested a possible solution to the problem. They suggested that the company approach the Band Council with an offer of a pool of 30 jobs. The Band Council would undertake to fill these jobs every day with people from the Band. The company did not act on this suggestion.

It seems obvious that a piecemeal approach to this problem does not work.

Local employment must become a priority in any development planning.

Unions have shown themselves willing to assist and innovate in order to hire locally, but they cannot be the prime mover in this field since they are usually only consulted (if at all) just before construction begins.

The Lysyk Report on the Alaska Highway gas pipeline shows what kinds of pressure unions can be subjected to by governments. Lysyk was willing to allow Foothills Pipelines and other companies any leeway in labour relations. He agreed with Foothills' position that the operation of the pipeline be non-union. In addition, he recommended legislation restricting hiring halls and that unions be forced into a no-strike "special project agreement". He also said that companies which wished to remain non-union should form special subsidiaries for pipeline work, i.e. double breasting.

If this is a hint of things to come, unions should get direct contact with native organizations and thrash out a policy on local hiring, training and respect for the land that both groups can present to the government as an accomplished fact. Otherwise there is a real possibility of the government aiding anti-union companies under the guise of protecting the "defenceless" natives from the "big, bad unions".

The reluctance of companies to deal with unions before a project starts (stemming from the hope that they can be a non-union operation) must be overcome if local people are to get a chance to work. These negotiations must include unions because once the project starts, unions are the only resource people on the job have for settling grievances and protection from attempts to change the agreed upon working conditions.

WHAT'S WRONG WITH UNDERDEVELOPMENT

Native and white economies both suffer from the same type of underdevelopment. The main differences are those of degree. Previously we have pointed out that the development plans for this region do not guarantee any long-term economic and social future for residents. Indeed, if these plans go ahead as they are now, native people will probably face further destruction and disruption. Meanwhile, as manpower forecasts show, the work force will decline, thus forcing migration by many people.

This state of affairs results from an economy almost totally dominated by the extraction of resources and their shipment to other regions and countries in as raw a state as possible. It is not the extraction itself that is the main problem. The surplus profits from extraction and potential for further profits from processing and manufacturing are exported outside the region. When we export resources, we export jobs plus benefits resulting from manufacturing. Therefore the benefits from these activities occur in other regions and countries. We are left with only the wages from resource industries which we spend on goods produced outside the region from our resources. This situation becomes more pronounced the further north you go.

While all of this may seem remote from the questions unions face in their day to day operations, the effects of underdevelopment on union members act to wipe out gains unions have made; Atikokan being the most recent example. Since both native and white communities are victims, they have a common goal in seeing a radical change in the type and form of economic development that occurs.

It would be good to remember that the present situation did not occur "naturally" but is a result of historical development which involved conscious choices about where, when and how to invest. Some questions people would ask themselves about the region to get some idea of how choices effect them are:

- Why, when \$1,540,000 worth of fur is produced north of 50°, is there practically no production of fur and leather garments in the north?
- Why did the Federal government through CEDC (Canadian Export Development Corporation) give a firm in St. Paul, Minnesota millions of dollars to help them build an electrolytic steel mill when our region is an important producer of iron ore?
- Why are most of the houses built on reserves by Indian Affairs prefabs manufactured outside the region?
- Why did the Federal government lend 47 million dollars to a southern U.S. company for pulp and paper equipment?
- Why were 13 successful native graduates of a 2 year Native Teacher Training Program at Lakehead University unable to find jobs teaching in northern native communities?

The answers to these questions and others may help people understand why our economy is so fragile although we live in one of the richest natural resource area of Ontario. We need to use these resources to develop our area. Plenty of possibilities exist for development of a stable economy.

SECONDARY INDUSTRY IN THE NORTH

Sudbury is an example of the results of allowing a huge corporation to take profits made in the north and invest them in developments in other countries. The corporation eventually has the threat of leaving the area completely with a union at contract time. Sudbury, in a brief to the Royal Commission on the Northern Environment, was described as a place which "remains underserved, polluted, demoralized and to no small extent unemployed". (NDP, Timmins, Nov. 23/77.) Large companies take little or no responsibility for the social problems they have created. Steep Rock and Caland in Atikokan are pulling out because the remaining ore does not yield sufficient profit. Who will be responsible for the social and economic problems resulting from the loss of 1,000 jobs? The town of Atikokan, the provincial and federal governments will bear the responsibility; a polite way of saying — the taxpayer time and time again.

One industry towns, and a whole region based on resource extraction, are vulnerable because they follow the ups and downs of the world situation.

The resource itself, if and when it runs out, means a labour pool is left with nothing to turn to.

The region needs secondary industry and appropriate technology to minimize the damage done by industry shut downs. We are not saying that everything used in Northern Ontario must be manufactured here but neither can we agree with the Ontario Government's **Design for Development**. This places the needs of multinational corporations ahead of the needs of the people when it says "the strategic growth centre areas the government wants to develop are not linked to any metropolitan area, but exist for the purpose of serving the specific needs and industries (such as mining and forestry) of a particular area" (page 43). More recently the Ontario Ministry of Treasury, Economics and Intergovernmental Affairs said "Economic development in this area will clearly be dependent on resource development, with minor potential assistance from tourist activity" (RCNE at Timmins, Nov. 23, 1977). The Conservative party in power obviously thinks of Northern Ontario as a convenient colony to be plundered, but big enough to have some land left over and unspoiled for summer fishing trips.

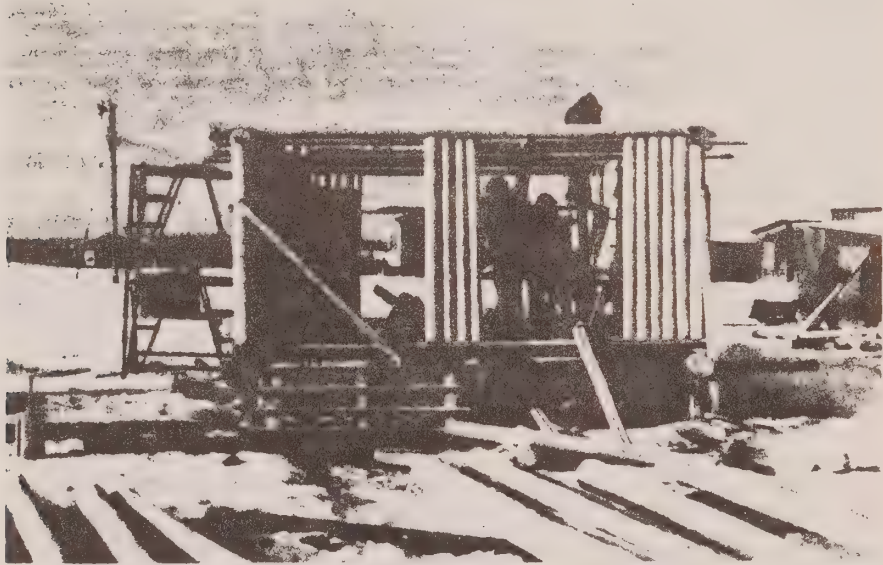
The excuses for not building secondary industry are :

1. A small market because of the scattered population.
2. High transportation costs.

Transportation costs are high in Canada and add a considerable amount to products bought by people in Northern Ontario. People here eventually pay some shipping costs twice; once when the raw material is shipped to the manufacturing centres in Southern Ontario and the United States, and again to get the finished product (say furniture) back. This is grossly inefficient (though profitable for companies like Canadian Pacific) and, in a time when oil supplies are in short supply, foolish.

The lack of secondary industry has more negative consequences than just higher prices for the residents of the area. In the early sixties, school construction was expanding for the "baby boom" which happened after the Second World War. Fifteen schools were ready to open in Northwestern Ontario, but there were no desks available from the manufacturer. An investigation of the facilities in Thunder Bay revealed that Canadian Car and the Shipyards had machinery capable of producing the desks. There was also labour available. Calculations showed that the order could have been filled for the same or a cheaper price. This was not done and most of the schools remained closed for another year until the desks arrived.

Secondary industry based on wood is the most obvious choice for expansion in Northern Ontario.



Some building construction materials are supplied from local enterprises, but there is potential for much more. Small plants to manufacture trusses, stairs, doors and windows could be built in various towns and cities in the region to supply local needs. Quality furniture also could be supplied from locally based operations.

Great changes are needed in building construction, especially in the isolated reserves in the north of the province. Usually prefabricated houses are brought in at great expense and little benefit to the communities' economy. These are built for southern standards and conditions. They have heating problems and the severe climate rapidly takes its toll. There are sawmills scattered through the region but many more could be used to supply local needs.

In Saskatchewan, houses are being built to be energy efficient. An improved vapour barrier, R-40 in the walls and R-60 in the ceiling are the main improvements. This may sound like overkill, even for the bitter winters of the prairies. But, in spite of the severe weather, the heating bill for one of these houses was \$38.00 in the winter of 1977-78. The extra materials and improved building techniques add about 10 per cent to the construction costs. As energy costs continue their dramatic rise, this type of construction becomes more and more attractive. Common sense says that future construction in the region be more energy efficient than present practices. The increased use of local construction materials and additional labour needs, especially north of 50°, will have positive economic effects.

Some of the machinery used in mining and paper production could be produced in the region. A development study done for Northern Manitoba pointed out that although this kind of manufacture was usually thought to be "heavy industry", in fact, "the machine tool sector is typified by small scale, labour intensive, custom production which makes it ideal for small, labour surplus economies". (The Northern Manitoba Development Strategy by John Loxley).

Trapping provides a living for many in Northern Ontario. While trapping co-ops have increased returns on furs, leather and furs are still shipped out of the region and later return as finished products. In this area there is potential for secondary industry.

The number of farms in Northern Ontario, never large, decreases each year. With prices increasing rapidly and quality dropping, the possibilities of a reversal of that trend certainly should be investigated. Some of our food could come from solar greenhouses. At Princess, Alberta a greenhouse using excess heat from a natural gas pumping station began operation in 1977. The one acre greenhouse supplies tomatoes and cucumbers year round.

FINANCING FUTURE DEVELOPMENT

"And", the reader asks, "Where does the money for starting all of this come from?"

We are not saying that all of these possibilities should be built in all of the communities in Northern Ontario. The list (and the reader can probably add to it) is given to show that many good possibilities exist.

A regional study has been done for Northern Manitoba which details many small scale projects possible for the future. Their sources for investment capital are the provincial and federal governments (loans and grants from DREE, Ministry of Northern Affairs, etc.) Surprisingly, the study's estimates of the money needed for job creation are about the same as for more populated areas (10-30,000 dollars per job). A lot of money certainly, but perhaps money better spent than the hundreds of millions of dollars recently given to the pulp and paper companies.

In Alberta, the provincial government takes a percentage of the profits on their oil resources that leave the province. This Alberta Heritage Fund, in part, is used to develop and diversify the economy to prepare for a future time

when the resource is exhausted. Most of Northern Ontario's economy is based on the extraction of resources. The province of Ontario does levy stumpage fees and other taxes, but this income is not necessarily returned to the area. Reform in this area is overdue.

What is needed is planned development. Perhaps the key to a stable, successful future is local operation and local control with some kind of overall regional strategy.

Would such industries in Northern Ontario be able to compete? A crystal ball would be necessary to answer that, but it is encouraging to note that the Gull Bay Development Corporation was considered by an official in the Ministry of Natural Resources to be the most efficient forest operation in Ontario. Its production, financial statements and forest management program (cutting and reforestation) are better than corporate giants like Great Lakes, Abitibi and others.

THE GULL BAY EXAMPLE

The Gull Bay Indian Reserve is located on the west side of Lake Nipigon 115 miles north of Thunder Bay on the Armstrong Highway (Highway 800). Before 1974, Gull Bay had a reputation for violence and vandalism. People depended mainly on seasonal employment and welfare. Commercial fishing, once important to the local economy, was in decline.

The Gull Bay Indian Reserve is located on the west side of Lake Nipigon 115 miles north of Thunder Bay on the Armstrong Highway (Highway 800).



corporation 24,000 dollars to get production started. The initial loan was paid back within the first year of operation. (The Federal and Provincial governments have given pulp and paper companies 230 million dollars. Unfortunately for the taxpayer these are grants, not loans.) Last year 18,000 cords were produced and to date the community corporation has supplied all the wood required by contracts. The logging operation resulted in a firm economic base for Gull Bay — employing 32 people.

This economic base partially financed improved services for the community. A water system, a diesel generating unit for electricity and street lighting as well as skating rinks and a school have been added to the community. The first all-Indian police force on a reserve was established in Gull Bay. Tim Esquega was the Chief during these changes and a key person in the formation of the corporation. In the words of Chief Esquega the community needed a "tune up" and this was provided by economic independence. The industry was controlled at the local level; not from a boardroom in some distant city.

Chief Andrew Kakapectum of Sandy Lake noted that the major problem on northern reserves was not alcohol, but the economic problems caused by unemployment. There has been a considerable drop in crimes of violence and vandalism which plagued the reserve at Gull Bay a few years ago.

A study done in Thompson, Manitoba has shown that the crime rate (especially crimes of violence) has risen dramatically since the INCO layoffs last summer. Increased crime is one of the social costs borne by both native and white communities in bad economic times.

Control of industry at the local level does not automatically mean profits and efficient operation. There can be problems and disagreements about decision making which, until they are solved, can affect production. Of course, multinational corporations are not immune from these difficulties either.

"Nationalized" industry has a reputation for unprofitable operation and a simple comparison of financial statements with private corporations may bear this out. However, social costs are not a part of a typical financial statement. The Gull Bay example details some of the improvements which happened in the community because of their local corporation.

As was discussed earlier, automation in resource extraction industries is a continuing process in Northern Ontario, with the results being a decline in jobs. The results of shut downs and automation may be an improved financial picture for the corporation, but losses for the people of the region who bear the social costs of lay-offs.

ERRATA: Top of page 21 should be preceded by the following two lines:

The Gull Bay Development Corporation was formed in 1974 to do logging on limits near the reserve. The Department of Indian Affairs loaned the local

THE FUTURE

"The north is like a light bulb; you tap it too hard and it will break." These words by Brian Anderson, a Sioux Lookout high school student summarize the fragile nature of the land north of 50°. Economic development must not destroy the environment. The traditional ways of living off the land (hunting, fishing and trapping) "must remain the foundation of economic life" (Grand Council Treaty No. 9). Residents and visitors in the north must live and work in harmony with this environment.

People of an area affected by development must be consulted early in the planning stages. Justice Berger, the head of the Mackenzie Valley Pipeline Inquiry, summed up the issue by asking:

"Who should run the industrial machine and who should reap the benefits? . . . Where must the energy come from? Where is the machine going? And what happens to the people who live in the path of the machine?"

The "people who live in the path of the machine" must have input in the decision making process of development.

The present economy of Northern Ontario is not satisfactory and economic alternatives are needed for the future. Without secondary industry the future for the region is bleak. The priorities of development have to be examined.

When possible, renewable resources should be used in order to provide long term benefits and stability. Any development of non-renewable resources should be based in a community near the site and should be done so that little or no disturbance of the renewable economy (fur, fish, game, or timber) occurs. If this cannot happen, the resource should be left until it is possible. The practice of giving away our resources to large companies must cease. The communities in the north must be given access to the resources in order to develop.

Northern Ontario's situation is not unique in Canada. The residents of the north in all the western provinces, northern Quebec, Yukon and the Northwest Territories have similar economies and complaints. Many of the complaints are about the lack of stable development and are directed toward the metropolitan centres in the south. The progress of other northern regions in the country should be observed. Northern Ontario can benefit from the groundwork and avoid some problems and mistakes. A policy that could be adopted, for example, is one that the former NDP government in Manitoba developed. It is a "stay-option" which states that no Manitoban would be forced for lack of economic opportunity to leave the Province or the region within the Province in which they prefer to live.

This stable economy will not develop overnight. Especially with a Conservative provincial government that has shown, by its past and present decisions, that it wants development north of 50° to proceed in much the same manner as it has in the rest of northern Ontario. The attempt to give Reed Paper a 19,000 square mile cutting area, and the agreement allowing Onakawana Development to strip mine lignite near James Bay both indicate that the provincial government has no interest in allowing resources to be used to develop a stable economic base for people in the north.

If large scale developments proceed, the unions must try to lessen the impacts by negotiating with local residents and native groups about local hiring and training. As well unions can insist, along with other groups, that the decision making and planning process be open to changes from local people and groups.

Another alternative is for unions, along with these other groups, to use the political process to demand changes in government policies on developing the north. Hopefully this booklet can be used as part of an educational process to help union members and others to prepare themselves to deal with these questions.

